



DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES

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LIFE INSURANCE AND LONG-TERM CARE

Does life insurance "count"?

- Term life insurance does not count as a resource in determining Medicaid eligibility. If a person owns 'whole life' insurance policies with a total combined face value of \$1500 or less, the life insurance value does not count as a resource in determining Medicaid eligibility.
- If a person owns "whole life" insurance policies with combined face values over \$1,500, the life insurance may count as resources. The countable value of these policies is then determined based on the policies' cash value.
- Otherwise countable life insurance may be excluded up to \$1500 if designated for burial when no other burial contracts, trusts or designations exist.

"Face" value vs. "Cash" value

The "face" value of a life insurance policy is the amount of money which would be paid out to the policy owner if he or she were to die. The "cash" value" is the amount of money that a person could receive if he or she decided to cash out his or her policy. The cash value of a policy is often less than the face value.

How do I cash out my life insurance policy?

Contact your insurance company to determine whether cashing out your policy is the right decision for you. There are other options, such as taking a loan against a life insurance policy, which keeps the insurance in effect but lowers the cash value, or working with your insurance company to arrange for the life insurance premiums to be paid out of the cash value.

How do you get proper verification of your life insurance policy?

- You must provide a complete copy of any life insurance. If your insurance company will not provide you with a copy of your contract, please contact the MT Commissioner of Securities and Insurance (<http://www.sao.mt.gov/>) at 1-800-332-6148 local in Helena 444-2040) and ask to speak to someone in Policy Holder Services about an annuity problem. Policy Holder Services staff will contact the company and help them understand their obligations and requirements under Montana law.
- Your local insurance agent is usually the best contact for getting information about a life insurance policy, its cash value, or a copy of the policy. Local agents will help you work with the company and will be able to get the information much faster than you could by contacting a home office.

This information is current as of 9/1/2010. Medicaid policies can and do change, and it is the responsibility of the facility and applicant to verify the most current policies when working towards establishing Medicaid eligibility.